

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 30, 2004

In Reply Refer To:  
PJM Interconnection, L.L.C.  
Docket No. ER05-184-000

PJM Interconnection, L.L.C.  
Wright & Talisman, P.C., 1200 G Street NW, Suite 600  
Washington, DC 20005

Attention: Carrie L. Bumgarner  
Counsel for PJM Interconnection, L.L.C.

Reference: PJM Interconnection, L.L.C., Docket No. ER05-184-000

Dear Ms. Bumgarner:

1. In this letter order, the Commission accepts tariff revisions submitted by PJM Interconnection, L.L.C. (PJM) to create a special membership for Curtailment Service Providers (CSP) that wish to participate in PJM's real-time Economic Load Response Program (Economic Program), effective November 5, 2004. This letter order benefits customers by encouraging demand response in PJM.
2. PJM has in place both an Emergency Load Response Program (Emergency Program) and the Economic Program. On September 3, 2004, in FERC Docket No. ER04-1193-000, PJM filed amendments to the PJM Tariff and Operating Agreement to extend these programs until December 31, 2007. The Commission accepted those amendments in a Letter Order on October 29, 2004.
3. The Emergency Program currently provides for special memberships, while the Economic Program, does not. PJM therefore proposes a new special membership for CSPs for participation in the real-time Economic Program. Rather than paying the \$5,000 annual membership and \$1,500 application fees required of regular members, special members initially will pay \$500, and then 10 percent of the payments owed to the special member for load reduction events, up to a maximum of \$5,000 per year. Special membership also exempts special members from liability for other member defaults. The special membership is particularly intended to provide small businesses with an

affordable and risk-reduced alternative to full membership for demand response participation. While some benefits of regular PJM membership will be unavailable to special members, (*e.g.*, voting rights and user group participation), the elimination of potential liability for member defaults and lower membership fee requirements provided by the special membership provisions outweigh those benefits.

4. PJM states that the proposed special membership balances the creation of an incentive for participation with the protection of other members.<sup>1</sup> PJM asserts the special membership is important because it removes critical barriers for small companies to offer CSP services to their customers in PJM, and thus furthers the Commission's policy of encouraging demand response.

5. PJM requests a waiver of the Commission's 60-day prior notice requirements to permit an effective date of November 5, 2004, one day after the date of this filing. PJM maintains that the Commission has granted waiver of prior notice requirements where the proposed filing will not produce unreasonable results.<sup>2</sup>

6. Notice of PJM's filing was published in the *Federal Register*, with comments, protests and interventions due on or before November 26, 2004. No party filed comments.

7. The Commission finds PJM's tariff provisions just and reasonable. The proposed revisions are consistent with the Commission's policy of encouraging demand response by removing barriers for demand response resources to participate in regional transmission organization markets. Increased participation by CSPs, particularly by small entities, should increase participation in PJM's demand response program and improve the efficiency of the PJM markets.

---

<sup>1</sup> PJM states that permitting special members to only participate in the real-time market protects other PJM members. If special members were able to participate in the day-ahead market, other PJM members could face possible default risks from special member day-ahead obligations. Real-time participation by special members cannot produce any CSP payment obligations to PJM.

<sup>2</sup> See, *e.g.*, *Va. Elec. & Power Co.*, 107 FERC ¶ 61,010, at P 43 (2004); *Midwest Indep. Transmission Sys. Oper, Inc.*, 106 FERC ¶ 61,256, at P 17 (2004); *Entergy Miss., Inc.*, 102 FERC ¶ 61, 105, at P 11 (2003).

8. Accordingly, the Commission accepts PJM's proposed revisions<sup>3</sup> to create a special membership for CSPs for PJM's Economic Program participation in accordance with the above discussion.

By direction of the Commission.

Linda Mitry,  
Deputy Secretary.

---

<sup>3</sup> FERC Electric Tariff Sixth Revised Volume No. 1's First Revised Second Revised Sheet No. 428 and 428A, and Third Revised Rate Schedule FERC No. 24's First Revised Second Revised Sheet No. 154 and 154A..